

VZCZCXRO6017
RR RUEHAG RUEHAST RUEHDA RUEHDBU RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA
RUEHLN RUEHLZ RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHFT #3043/01 1771321
ZNR UUUUU ZZH
R 261321Z JUN 07
FM AMCONSUL FRANKFURT
TO RUEHC/SECSTATE WASHDC 2153
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUCNFRG/FRG COLLECTIVE

UNCLAS SECTION 01 OF 02 FRANKFURT 003043

SIPDIS

SIPDIS

DEPARTMENT FOR OES/SAT (MAUREEN WALKER)

E.O. 12958: N/A

TAGS: [TSPA](#) [SENV](#) [KTIA](#) [SPCE](#) [GM](#)

SUBJECT: States, Industry Still Pin Hopes on Galileo Project

REF: a) Paris 2634, b) Brussels 1035

11. SUMMARY: The EU's Galileo positioning/navigation/timing (PNT) project, despite its well-publicized woes (reftels), remains a beacon to state officials and industry/research in southwestern Germany,, home to ESA/European Space Agency's "Houston" (the Darmstadt control center) and much high-tech research and production. Enduring interest in terms of industrial/technology policy may help sustain Galileo despite the demise of private-sector backing and even its future revenue streams. END SUMMARY.

Pinning Hopes on Galileo Tie-Ins, Spin-Offs

12. While Galileo system control will ultimately come from new centers in Italy and Bavaria (Oberpfaffenhofen), government and business in various areas of southern/western Germany are hoping for high-technology "tie-ins" (i.e. related procurement) and "spin-offs" in terms of industry and research.

13. Outside of Bavaria, the state of Hesse (Hessen) has the deepest links to Galileo through the European Space Operations Center/ESOC in Darmstadt (near Frankfurt), which operates ESA's satellites, ground stations, navigation, and communications networks. ESOC Darmstadt will be deeply involved in the early stages of Galileo through the ESA Navigation Office -- ESA's center of expertise in PNT systems -- which will plan and manage the critical launch and early orbit phases of Galileo satellites. ESOC currently employs 247 persons. Nearby Baden-Wuerttemberg -- home to one of Europe's largest concentrations of high-tech electronic and mechanical engineering -- has similar aspirations.

14. In 2006, the state of Hesse opened the "Hesse Galileo Center" in Darmstadt to serve as a hub and platform for satellite navigation applications in the state. The Center provides information on the Galileo PNT system and offers services for start-ups and other companies seeking to develop Galileo applications. This center was established by the Hesse state government, ESOC, Darmstadt Technical University, and the City of Darmstadt. Between 2006 and 2008, the state of Hesse (in partnership with ESA) will provide about EUR 500,000 in direct grants to start-up companies.

15. Hesse also hosts the public-private Hesse Center for Satellite Navigation (CESAH), which fosters Galileo spin-offs in cooperation with ESOC Darmstadt. CESAH promotes the development of satellite navigations applications and with a special emphasis on Galileo by linking regional entrepreneurs with national and international interests. Partners include: the state of Hesse, Technical University Darmstadt, the city of Darmstadt, T-Systems, Vega IT, and INI-GraphicsNet Foundation. CESAH affiliates hoping to become suppliers or partners of the Galileo project include Deutsche Flugsicherung, Accenture, Landesbank Hessen-Thueringern, Schenker AG, Fraport AG, and ISC Opcorner AG.

16. Like Hesse, Baden-Wuerttemberg (B-W) is positioning itself to

gain from Galileo business as the heart of Germany's engineering industry and home to the large EADS/Astrium satellite center (in Friedrichshafen). The "Galileo-Initiative Baden-Wuerttemberg" forum brings together universities, institutes, and businesses to explore Galileo applications in the state; similarly, Galileo was the theme for a 2007 CeBIT forum held in B-W. The Aerospace Forum Baden-Wuerttemberg also works to promote cooperation and innovation among industry, service providers, and researchers (www.lrbw.de/sachdb/admin/show_all.asp) Finally, Baden-Wuerttemberg International (one of the state's development agencies) provides Galileo information and support to companies (domestic and foreign) and researchers seeking to locate in the state.

¶7. The European Satellite Navigation Competition -- co-hosted by ESA and the state of Bavaria -- has drawn spirited participation in the region and three German underwriters (Deutsche Telekom, DHL, and the German Aerospace Center). The competition aims to discover and promote commercially viable PNT applications. The state of Hesse is offering the winner of the European Satellite Navigation Competition free office space at its Galileo Center.

Hanging in There

¶8. The unraveling of Galileo's unwieldy private consortium (Ref A) and its spotty record in terms of official handling (ref B) are widely recognized, as is the uncertainty currently surrounding the project absent a funding mechanism (at least until the next EU Transport Council meeting in October). Public-private consortia have had a checkered history in German high technology (for instance, the "Toll Collect" navigation/road-pricing consortium was fraught with costly delays before final implementation). Still, the region's companies and its conservative state governments remain committed to a European PNT system and to pursuing whatever business it will generate -- regardless of Galileo's ultimate financing

FRANKFURT 00003043 002 OF 002

mechanism and whether the current revenue model (based on user subscriptions) proves commercially viable. Support for Galileo on the grounds of industrial/R&D policy could in turn bolster willingness to mandate its use in European military and internal-security applications.

¶9. This message was coordinated with Embassy Berlin and ConGen Munich.

POWELL